



NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

FOR IMMEDIATE RELEASE

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TOP STATE INVESTMENT OFFICERS CALL ON SEC TO REQUIRE CORPORATIONS TO DISCLOSE TO SHAREHOLDERS ALL POLITICAL CONTRIBUTIONS

*'Shareholders Have a Right To Know' How Companies Use Money in Political Arena,
State Chief Investment Officers Say In Letter to SEC Chairman Donaldson*

SACRAMENTO, CA – A group of the nation's 11 top state and city investment officers today called on the U.S. Securities and Exchange Commission to require publicly traded companies to disclose to shareholders their political contributions.

"Shareholders have a right to know how the companies they own are using their money in the political arena," the investment officers – who also serve as trustees of some of the nation's largest public pension funds – wrote to SEC Chairman William Donaldson in a letter made public today. "We ask you and your fellow SEC commissioners to let the sun shine on corporate contributions so that the tens of millions of shareholders in America's public companies can know how their money is being used in the nation's political life."

Specifically, the officials called on the SEC to adopt a rule requiring publicly traded companies to disclose their political contributions annually. The disclosure to shareholders should detail contributions at the national, state, and local levels, to candidates, political parties and their conventions, ballot measure campaigns, issue ad campaigns and all independent political committees, including 527 organizations.

The investment officers who signed the letter to Donaldson include: California Treasurer Phil Angelides, Oregon Treasurer Randall Edwards, Iowa Treasurer Michael Fitzgerald, Sean Harrigan, a member of the California Public Employees' Retirement System – the nation's largest public pension fund, New York State Comptroller Alan Hevesi, Maine Treasurer Dale McCormick, Kentucky Treasurer Jonathan Miller, North Carolina Richard Moore, Connecticut Treasurer Denise Nappier, Vermont Treasurer Jeb Spaulding and New York City Comptroller William C. Thompson, Jr.

A corporation's record of political contributions "is potentially valuable additional information about a company's values, business strategy, and future prospects," the officials wrote. "For those funds and individuals who want to make sure their investments are consistent with their values, full disclosure is a vital ingredient in their investment decisions."

In their letter, the officials noted that Donaldson – in his two years as SEC Chairman – has established as major goals improving the transparency of markets and promoting responsible corporate governance, and that he has undertaken a number of initiatives to achieve those goals. “We are writing to urge you to strike another blow for transparency by requiring publicly traded companies to disclose to shareholders the political contributions they make.”

The officials wrote that although various federal, state, and local laws require candidates and/or contributors to report political contributions at various thresholds, there is no way for shareholders to learn how much the companies they own contribute to political campaigns and causes short of combing through the records of hundreds of jurisdictions.

Despite the lack of corporate reporting and disclosure to shareholders, it is nonetheless clear that the use of shareholder funds by corporations for political purposes is substantial. For example, the major party presidential candidates in the 2004 general election will be limited to spending \$74 million apiece in public funds. By contrast, according to the Center for Responsive Politics, businesses have already donated \$54 million in this election cycle to federal Section 527 independent political committees.

But this is nothing new. Indeed, the officials write in their letter that corporate political contributions have long played an important role in this nation’s public life. Most recently, during the long debate in 2002 over the Bipartisan Campaign Reform Act, popularly know as McCain-Feingold (which bars corporate and union soft money contributions to political parties in federal elections), Americans were sharply divided over whether to restrict political contributions. “But on one reform approach,” the officials wrote, “there has been remarkable consensus: When it comes to political money, across the political spectrum almost everyone supports more disclosure and transparency.”

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PHILIP ANGELIDES
Treasurer
State of California

August 25, 2004

Mr. William Donaldson
Chairman
U.S. Securities and Exchange Commission
450 5th Street, N.W.
Washington, DC 20549

Dear Chairman Donaldson:

In your two years as Chairman of the Securities and Exchange Commission (SEC), you have established as major goals improving the transparency of markets and promoting responsible corporate governance, and you have undertaken a number of initiatives to achieve those goals. As state and local investment officers and trustees of some of the nation's largest public pension funds, we are writing to urge you to strike another blow for transparency by requiring publicly traded companies to disclose to shareholders the political contributions they make. Shareholders have a right to know how the companies they own are using their money in the political arena.

As you well know, the role that corporate political contributions play in our public life has been an enduring subject of concern through much of our nation's history. Those concerns were expressed most recently and vividly in the 2002 passage of the Bipartisan Campaign Reform Act, popularly known as McCain-Feingold, which bars corporate and union soft money contributions to political parties in federal elections. In the long debate over McCain-Feingold, as in other discussions about campaign finance reform, Americans were sharply divided over whether to restrict political contributions. But on one reform approach there has been remarkable consensus: When it comes to political money, across the political spectrum almost everyone supports more disclosure and transparency.

Shareholders, unfortunately, do not currently enjoy that transparency in regard to shareholder funds contributed by companies to political campaigns and committees. Although federal, state, and local laws require candidates and/or contributors to report political contributions at various thresholds, there is no way for shareholders to learn how much the companies they own contribute to political campaigns and causes short of combing through the records of hundreds of jurisdictions. That is not only a Herculean task for any individual shareholder, but also beyond the powers of even well-funded

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public-interest groups organized for the purpose of tracking political money. None of those groups is able to determine the aggregate amounts spent by particular corporations on U.S. political races or even provide a total of all corporate contributions in U.S. elections.

While it is not possible for shareholders or others to ferret out the aggregate contributions made by corporations, we do know the use of shareholder funds by corporations for political purposes is substantial. Consider this one example. The major party presidential candidates in the 2004 general election will be limited to spending \$74 million apiece in public funds. By contrast, according to the Center for Responsive Politics, businesses have already donated \$54 million in this election cycle to federal Section 527 independent political committees.

To advance transparency for shareholders, we call on the SEC to adopt a rule requiring publicly traded companies to disclose annually to shareholders all political contributions they have made. The disclosure should detail contributions, at the national, state, and local levels, including, but not limited to, candidates, political parties and their conventions, ballot measure campaigns, issue ad campaigns, and independent political committees, including 527 organizations.


Shareholders are entitled to know how their money is being spent. For all investors that data is potentially valuable additional information about a company's values, business strategy, and future prospects. For those funds and individuals who want to make sure their investments are consistent with their values, full disclosure is a vital ingredient in their investment decisions.

Just as shareholders and the markets would benefit from this new transparency, so would our democracy. Whatever else we may quarrel about, Americans of all political persuasions agree that there cannot be too much sunshine on the role that money plays in politics. We ask you and your fellow SEC commissioners to let the sun shine on corporate contributions so that the tens of millions of shareholders in America's public companies can know how their money is being used in the nation's political life.

Sincerely,



Phil Angelides
Treasurer
State of California



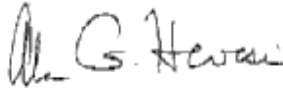
Randall Edwards
Treasurer
State of Oregon




Michael L. Fitzgerald
Treasurer
State of Iowa



Sean Harrigan
Member, CalPERS
Board of Administration



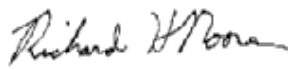
Alan G. Hevesi
Comptroller
State of New York



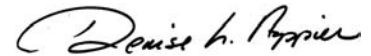
Dale McCormick
Treasurer
State of Maine



Jonathan Miller
Treasurer
State of Kentucky



Richard H. Moore
Treasurer
State of North Carolina



Denise L. Nappier
Treasurer
State of Connecticut



Jeb Spaulding
Treasurer
State of Vermont



William C. Thompson, Jr.
Comptroller
City of New York

cc: Honorable Members
U.S. Securities and Exchange Commission